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Attorneys for Plaintiff
SUTTER HOME WINERY, INC.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

Sutter Home Winery, Inc.,
Plaintiff,

vs.

The Wine Group LLC
Defendant.

CASE NO.

COMPLAINT

- 1. Federal Trademark Infringement**
- 2. Federal Unfair Competition**
- 3. Federal Trademark Dilution**
- 4. California Trademark Infringement**
- 5. California Unfair Competition**
- 6. California False or Misleading Statements**
- 7. California Dilution**
- 8. Common Law Trademark Infringement and Passing Off**

DEMAND FOR JURY TRIAL

Plaintiff, Sutter Home Winery, Inc. ("Plaintiff"), for its complaint against Defendant, The Wine Group LLC, a Delaware limited liability company ("Defendant"), alleges as follows:

NATURE OF ACTION

1. Plaintiff is the owner of the famous trademark SUTTER HOME for wine and the distinctive trade dress used with Plaintiff's SUTTER HOME White Zinfandel wine.

1 Defendant has adopted the similar mark J. SUTTON for White Zinfandel wine along
2 with a trade dress similar to that of the SUTTER HOME White Zinfandel. This is an
3 action to redress violations of the federal Lanham Act for infringement of a federally
4 registered trademark (15 U.S.C. §1114), unfair competition (15 U.S.C. §1125(a)),
5 dilution of a federally registered trademark (15 U.S.C. §1125(c)), violation of the
6 California Business and Professions Code for trademark infringement (Cal. Bus. &
7 Prof. Code §14335), unfair competition (Cal. Bus. & Prof. Code §17200), the
8 dissemination of false and misleading statements (Cal. Bus. & Prof. Code §17500) and
9 trademark dilution (Cal. Bus. & Prof. Code §14330), and common law trademark
10 infringement and palming off, as the result of willful and unauthorized use by
11 Defendant of colorable imitations of Plaintiff's trademark and trade dress, as more fully
12 set forth hereinafter. Plaintiff seeks preliminary and permanent injunctive relief
13 restraining Defendant's infringement of Plaintiff's trademark, treble monetary
14 damages, attorneys' fees and related relief.
15

16 **THE PARTIES**

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- 18 2. Plaintiff Sutter Home Winery, Inc. is a California corporation with its principal place of
19 business located at 100 St. Helena Hwy. South, St. Helena, CA 94574.
- 20 3. Upon information and belief, Defendant The Wine Group LLC is a Delaware limited
21 liability company located at 240 Stockton Street, Suite 800, San Francisco, California
22 94108-5325.

23 **JURISDICTION AND VENUE**

- 24
- 25 4. This Court has subject matter jurisdiction over Plaintiff's claim under and pursuant to
26 15 U.S.C. §1121 and 28 U.S.C. §1338(a), as the claims arise under the federal Lanham
27 Act, 15 U.S.C. §§1051-1127. This Court also has pendent jurisdiction over all related
claims herein in accordance with 28 U.S.C. §1338(b).

- 1 5. Upon information and belief, Defendant, either directly or through its agents, transacted
2 business in the State of California and within this judicial district, as more specifically
3 set forth below, and expected or should reasonably have expected its acts to have
4 consequence in the State of California and within this judicial district.
- 5 6. Venue is proper in this district pursuant to 28 U.S.C. §1391(b), as Defendant is doing
6 business in this judicial district and therefore may be found in this district, and/or as a
7 substantial part of the events giving rise to the claims alleged herein occurred in this
8 judicial district, and/or the infringement occurred or will occur in this judicial district.

9
10 **ALLEGATIONS COMMON TO ALL CLAIMS**

- 11 7. Plaintiff is the owner of U.S. Trademark Registration No. 1,385,404 for SUTTER
12 HOME for wine. Such registration is valid and subsisting and owned by Plaintiff and is
13 now incontestable in accordance with 15 U.S.C. §§1065 and 1115(b). A true and
14 correct copy of this registration is attached hereto as Exhibit 1. Plaintiff is also the
15 owner of California Trademark Registration No. 77466 for the mark SUTTER HOME
16 for wine.
- 17 8. Since 1972, long prior to the acts of Defendant complained of herein, Plaintiff has used
18 the mark SUTTER HOME in association with wine, and SUTTER HOME serves as
19 Plaintiff's flagship brand. Other than Defendant's trademark at issue in this lawsuit,
20 Plaintiff is not aware of any other wine in the United States with a brand name
21 featuring the prefix letter-string "SUTT".
- 22 9. Plaintiff also does business under the trade name Sutter Home Winery, Inc. and the
23 name "Sutter Home Winery" appears on the back label as the producer of every bottle
24 of SUTTER HOME wine produced and sold by Plaintiff.
- 25 10. In the early 1970s, Plaintiff was the first winery to produce a slightly sweet "pink" wine
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produced from the Zinfandel grape variety. Plaintiff called this wine "White

1 Zinfandel” and the popularity of this wine catapulted the SUTTER HOME wine brand
2 to the forefront of well-known wine brands. Due to this history, SUTTER HOME
3 White Zinfandel also carries the tag line THE ORIGINAL WHITE ZINFANDEL, for
4 which Plaintiff owns a federal trademark registration (Reg. No. 2,928,736).

5 11. Plaintiff currently produces thirteen different types of wine under the SUTTER HOME
6 mark. However, the particular type of wine for which SUTTER HOME is most famous
7 and which Plaintiff produces under the mark in a higher volume than any other wine
8 type is White Zinfandel from the California appellation.
9

10 12. The SUTTER HOME White Zinfandel wine is sold in a bottle with a distinctive trade
11 dress composed of the following elements: 1) a clear glass Bordeaux-style bottle that
12 allows the consumer to view the pink color of the wine; 2) a rose-colored capsule that
13 covers the top and upper two-thirds of the bottle’s neck; 3) a rectangular white label
14 outlined in silver and rose, in the middle of which is the mark SUTTER HOME in a
15 Times New Roman style font, above which is a gray line drawing; and 4) a long
16 rectangular rose-colored label appearing beneath the main label, within which appears
17 the varietal designation “White Zinfandel.” This trade dress has been used by Plaintiff
18 since prior to the adoption of Defendant’s J. SUTTON White Zinfandel trade dress.
19 Following is an image of the SUTTER HOME White Zinfandel trade dress:
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13. In 2006 alone, Plaintiff sold over three million six hundred thousand (3,600,000) 9-liter cases of SUTTER HOME White Zinfandel, which is equal to over forty-three million (43,000,000) 750 ml bottles. Since it first began use of the SUTTER HOME mark, Plaintiff has sold well over a billion bottles of wine under the mark. In the past five years alone, Plaintiff has sold over thirty six million (36,000,000) 9-liter cases of SUTTER HOME wine, the equivalent of over four hundred thirty-two million (432,000,000) 750 ml bottles of SUTTER HOME wine.

14. Plaintiff's dollar sales of SUTTER HOME wine since it first began use of the mark have been in the billions. In the past five years alone, Plaintiff's sales of the SUTTER HOME wine have exceeded one billion sixty million dollars (\$1,060,000,000).

1 15. According to AC Nielsen, the SUTTER HOME brand is among the top ten brands of best
2 selling varietal categories. Sutter Home also produces a line of alcohol-free wines under
3 the brand SUTTER HOME FRE. Among the trade, including distributors, retailers, wine-
4 writers and restaurateurs, Plaintiff's brand is frequently referred to only by the first word
5 of the composite mark – SUTTER.

6 16. According to AC Nielsen, by volume, SUTTER HOME is the #1 brand of premium
7 table wine in U.S. supermarkets. As reported in the current issue of wine-industry
8 newsletter *Restaurant Wine* (Issue #119 & 120), SUTTER HOME is also the #7 brand
9 of wine ordered in U.S. restaurants and SUTTER HOME White Zinfandel ranks #4
10 among all wines sold in U.S. restaurants. According to a 2006 study by Scarborough
11 Research, over 10.1 million U.S. consumers bought SUTTER HOME wine between
12 May 2005 and September 2006.

13 17. According to the 2007 "Equitrends" study by Harris Interactive, Among the top 5 wine
14 brands in the United States, SUTTER HOME ranks #1 in familiarity, and #3 in
15 consumer purchase intent and brand equity. According to a 2007 study of the 100 most
16 powerful wine and spirit brands in the world conducted by the company Intangible
17 Business, SUTTER HOME is one of the top 10 most powerful American wine or spirit
18 brands along with JACK DANIELS, ROBERT MONDAVI and SOUTHERN
19 COMFORT, among others, and SUTTER HOME is one of the top 10 most powerful
20 wine brands in the world.

21 18. Over the years Plaintiff has spent hundreds of millions of dollars marketing and
22 advertising the SUTTER HOME brand.

23 19. As a result of Plaintiff's sales and advertising of the brand, SUTTER HOME has become
24 one of the most famous and recognizable wine brands in the United States, placing
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1 SUTTER HOME among the strongest of marks and entitling it to the widest scope of
2 protection, especially in relation to White Zinfandel wine from the California appellation.

3 20. Plaintiff's SUTTER HOME wine is also sold in scores of countries throughout the world
4 and Plaintiff owns over thirty-five foreign trademark registrations for the SUTTER
5 HOME mark for wine.

6 21. On information and belief, the J. SUTTON brand is being produced by Defendant and
7 is intended for use exclusively with White Zinfandel wine from the California
8 appellation. The J. SUTTON brand will be marketed as a "private label" brand to
9 compete with White Zinfandel category leaders SUTTER HOME and BERINGER, and
10 Defendant is recommending to retailers that the J. SUTTON brand be positioned and
11 promoted adjacent to BERINGER and SUTTER HOME White Zinfandel wines.

12 22. Upon information and belief, the J. SUTTON White Zinfandel trade dress will be
13 composed of the following elements: 1) a clear glass Bordeaux-style bottle that allows
14 the consumer to view the pink color of the wine; 2) a rose-colored capsule that covers
15 the top and upper two-thirds of the bottle's neck; 3) a rectangular white label outlined
16 in silver and rose, in the middle of which is the mark J. SUTTON in a Times New
17 Roman style font, above which is a gray line drawing; and 4) a long rectangular rose-
18 colored box appearing beneath the J. SUTTON mark and offset from the main label,
19 within which appears the varietal designation "White Zinfandel."

20 23. On information and belief, Defendant owns U.S. Trademark Application Serial Number
21 77/086,000 for the mark J. SUTTON for wine, which was filed based upon Defendant's
22 intent to use the mark in commerce. In conjunction with this trademark application,
23 Defendant submitted a statement that the name "J. SUTTON" does not identify any
24 particular living individual. Plaintiff's information and belief are based upon a review
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1 of the U.S. Patent and Trademark Office (“USPTO”) Trademark Electronic Search
2 System (“TESS”) database and Trademark Document Retrieval (“TDR”) service.

3 24. Before a wine may be shipped or sold in interstate commerce, the producer of such
4 wine must apply for and receive a Certificate of Label Approval (“COLA”) from the
5 Alcohol and Tobacco Tax and Trade Bureau (“TTB”) of the U.S. Department of
6 Treasury. On information and belief, based on a review of the TTB online COLA
7 database, two COLAs were issued to Defendant on September 29, 2007 for labels for
8 California White Zinfandel wine with the brand name J. SUTTON. The TTB ID
9 numbers for these COLAs are 07262001000234 and 07262001000236. The labels
10 represented in these COLAs are reflective of the labels in the trade dress for the J.
11 SUTTON White Zinfandel brand described above in paragraph 22. The back label for
12 the J. SUTTON wine set forth in these COLAs indicates that the wines’ producer is “J.
13 Sutton Vineyards” and the COLA further indicates that this is a fictitious business name
14 for Defendant, The Wine Group. The text on the back labels set forth in these COLAs
15 does not indicate any origin or meaning for the brand name J. SUTTON.
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18 25. On information and belief, the J. SUTTON brand White Zinfandel will be launched in
19 early November 2007.

20 26. On both October 31, 2007 and November 1, 2007, Plaintiff’s President contacted Ken
21 Lizar, the Chief Operating Officer for Defendant and left word of Plaintiff’s objection
22 to the use of the J. SUTTON brand and requested that Defendant immediately contact
23 Plaintiff to discuss the issue. Plaintiff has not received any response from Defendant.
24

25 27. The use of the J. SUTTON mark and trade dress by Defendant is likely to confuse
26 consumers into believing that Defendant’s J. SUTTON wine is affiliated with,
27 associated with, connected to, or sponsored by Plaintiff and Defendant will unjustly
benefit from such association. The use of the J. SUTTON mark by Defendant is also

likely to dilute the Plaintiff's SUTTER HOME mark by blurring through association arising from the similarity between Defendant's J. SUTTON mark and Plaintiff's famous SUTTER HOME mark that will result in an impairment of the distinctiveness of the famous SUTTER HOME mark. Such likelihood of dilution by blurring is supported by the similarity of the marks at issue, the distinctiveness of the SUTTER HOME mark, the exclusivity of Plaintiff's use of its SUTTER HOME mark, the high degree of consumer recognition of the SUTTER HOME mark, and upon information and belief, Defendant's intent to create association with Plaintiff's famous SUTTER HOME mark.

28. Plaintiff will be harmed by such confusion as it will suffer loss of sales when consumers purchase the J. SUTTON wine believing it to be the market leader, SUTTER HOME, and Plaintiff will also lose control of its mark as a result of such confusion and the value of the brand will be diminished as a result of such confusion and dilution.

29. Based upon information and belief resulting from Defendant's failure to respond to Plaintiff's objections to Defendant's use of the J. SUTTON mark, Defendant has not changed its plans to use the J. SUTTON mark, and unless restrained by this Court, Defendant will continue forward with its plans to unfairly compete with Plaintiff by using such mark, wherefore Plaintiff is without adequate remedy at law.

30. Based upon information and belief resulting from an objective review of Defendant's actions in adopting and selecting the J. SUTTON mark and trade dress, Defendant's intent in using the J. SUTTON mark and trade dress is to profit from the goodwill associated with Plaintiff's SUTTER HOME trademark and trade dress. As evidenced by Defendant's trademark application and the back-label copy for the packaging, the

selection of J. SUTTON as a trademark was not done to reference any particular

1 individual, but rather to have a mark that closely mimics the famous SUTTER HOME
2 mark for White Zinfandel. This case is an exceptional case entitling Plaintiff to treble
3 damages and attorneys' fees.

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5 **FIRST CAUSE OF ACTION**

6 (Federal Trademark Infringement under 15 U.S.C. §1114)

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8 31. Plaintiff restates and reavers the allegations of Paragraphs 1 through 30, inclusive, and
9 the acts of Defendant asserted therein as if set forth in full as part of this Cause of
10 Action.

11 32. Defendant's above-averred actions will constitute use in commerce of a reproduction,
12 counterfeit, copy or colorable imitation of Plaintiff's registered mark in connection with
13 the sale, offering for sale, distribution or advertising of goods or services on or in
14 connection with which such use is likely to cause consumer confusion, deception or
15 mistake as to source, sponsorship or approval of the Defendant's aforesaid services in
16 violation of 15 U.S.C. §1114.
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19 **SECOND CAUSE OF ACTION**

20 (Federal Unfair Competition under 15 U.S.C. §1125(a))

21 33. Plaintiff restates and reavers the allegations of Paragraphs 1 through 32, inclusive, and
22 the acts of Defendant asserted therein as if set forth in full as part of this Cause of
23 Action.

24
25 34. The Defendant's above-averred actions will constitute use in commerce of a word,
26 name or device and false designation of origin which is likely to cause confusion, or to
27 cause mistake, or to deceive as to affiliation, connection or association of Defendant

1 with Plaintiff or as to the origin, sponsorship or approval of the Defendant's services or
2 the goods offered in connection therewith in violation of 15 U.S.C. §1125.

3 **THIRD CAUSE OF ACTION**

4 (Federal Trademark Dilution under 15 U.S.C. §1125 (c))

5 35. Plaintiff restates and reavers the allegations of Paragraphs 1 through 34, inclusive, and
6 the acts of Defendant asserted therein as if set forth in full as part of this Cause of
7 Action.

8
9 36. The Defendant's above averred actions will constitute use in commerce of a mark that
10 is likely to cause dilution by blurring of Plaintiff's earlier-used famous, distinctive mark
11 through association arising from the similarity between Defendant's J. SUTTON mark
12 and Plaintiff's famous SUTTER HOME mark that will result in an impairment of the
13 distinctiveness of the famous SUTTER HOME mark in violation of 15 U.S.C.
14 §1125(c).

15 **FOURTH CAUSE OF ACTION**

16 (State Trademark Infringement under Cal. Bus. & Prof. Code §14335)

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18 37. Plaintiff restates and reavers the allegations of Paragraphs 1 through 36, inclusive, and
19 the acts of Defendant asserted therein as if set forth in full as part of this Cause of
20 Action.

21 38. The Defendant's above-averred actions will constitute infringement upon a mark
22 registered under Title 15 of the United States Code and Cal. Bus. & Prof. Code §14220
23 *et seq.* in violation of Cal. Bus. & Prof. Code §14335.
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FIFTH CAUSE OF ACTION

(State Unfair Competition under Cal. Bus. & Prof. Code §17200)

39. Plaintiff restates and reavers the allegations of Paragraphs 1 through 38, inclusive, and the acts of Defendant asserted therein as if set forth in full as part of this Cause of Action.

40. The Defendant's above-averred actions will constitute unlawful, unfair or fraudulent business acts or practices in violation of Cal. Bus. & Prof. Code §17200.

SIXTH CAUSE OF ACTION

(False or Misleading Statements under Cal. Bus. & Prof. Code §17500)

41. Plaintiff restates and reavers the allegations of Paragraphs 1 through 40, inclusive, and the acts of Defendant asserted therein as if set forth in full as part of this Cause of Action.

42. The Defendant's above-averred actions in using a trademark and trade dress that suggests an association with Plaintiff will constitute the dissemination and making of untrue or misleading statements, which by the exercise of reasonable care should have been known to be false or misleading, in violation of Cal. Bus. & Prof. Code §17500.

SEVENTH CAUSE OF ACTION

(Trademark Dilution under Cal. Bus. & Prof. Code §14330)

43. Plaintiff restates and reavers the allegations of Paragraphs 1 through 42, inclusive, and the acts of Defendant asserted therein as if set forth in full as part of this Cause of Action.

44. The Defendant's above-averred actions will constitute use in commerce of a mark that is likely to cause dilution of the distinctive qualities of Plaintiff's SUTTER HOME trademark in violation of Cal. Bus. & Prof. Code §14330.

EIGHTH CAUSE OF ACTION

(Common Law Trademark Infringement and Passing Off)

45. Plaintiff restates and reavers the allegations of Paragraphs 1 through 44, inclusive, and the acts of Defendant asserted therein as if set forth in full as part of this Cause of Action.

46. The Defendant's above-averred actions will constitute trademark infringement and passing off in violation of the common law of California.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that judgment be entered as follows:

1. That Defendant, its principals, partners, franchisees, agents, employees, licensees, affiliates, any parent and subsidiary companies, attorneys and representatives and all of those in privity with or acting under its direction and/or pursuant to its control, be preliminarily and permanently enjoined and restrained, from directly or indirectly:
 - a. Using the mark J. SUTTON or the J. SUTTON trade dress, or terms, marks, symbols or indicia confusingly similar to the SUTTER HOME mark and trade dress, in connection with the production, advertisement, promotion, distribution, offering for sale or selling of wine, or products or services related to wine;
 - b. Performing any acts or using any service marks, trademarks, names, words or phrases that are likely to cause confusion, to cause mistake, to deceive or otherwise mislead the trade or public into believing that Plaintiff and the Defendant are one in the same or are in some way connected or that Plaintiff is a sponsor of the Defendant or that the services or goods of the Defendant

originate with Plaintiff or are likely to lead the trade or public to associate the Defendant with Plaintiff;

2. That Defendant be required to file with the Court, and serve on Plaintiff, a statement under oath evidencing compliance with any preliminary or permanent injunctive relief ordered by the Court within fourteen (14) days after the entry of such order of injunctive relief.
3. That Defendant, its principals, partners, franchisees, agents, employees, licensees, affiliates, any parent and subsidiary companies, attorneys and representatives and all of those in privity with or acting under its direction and/or pursuant to its control, be required to deliver up for destruction all advertising, promotional, point-of-sale, table-talker, packaging, labels, corks, capsules, case shippers and any other materials bearing the infringing mark or trade dress together with all artwork, plates, molds, matrices and other means and materials for making and reproducing the same;
4. That Defendant be ordered to pay Plaintiff monetary damages for the harm resulting from infringement of Plaintiff's mark, in an amount to be determined at trial;
5. That the Commissioner of the U.S. Patent and Trademark Office be ordered to refuse registration of U.S. Trademark Application Serial No. 77/086,000 based upon 15 U.S.C. §§1052(d) and 1063(a);
6. That Plaintiff's damages be trebled and that Defendant be ordered to pay Plaintiff's attorneys' fees on the basis that this is an exceptional case;
7. That Plaintiff have such other and further relief as this Court shall deem just and proper on the merits.

1
2 Dated: November 6, 2007

3 Respectfully submitted,

4 COOLEY GODWARD KRONISH LLP

5
6 By  _____

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8 Frank B. Goldberg

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20
21 Attorneys for Plaintiff,
22 Sutter Home Winery, Inc.
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DEMAND FOR JURY TRIAL


Plaintiff hereby requests a trial by jury in this matter.

Dated: November 6, 2007

Respectfully submitted,

COOLEY GODWARD KRONISH LLP

By


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Attorneys for Plaintiff,
Sutter Home Winery, Inc.

Exhibit 1

Int. Cl.: 33

Prior U.S. Cl.: 47

United States Patent and Trademark Office **Reg. No. 1,385,404**
Registered Mar. 4, 1986

**TRADEMARK
PRINCIPAL REGISTER**

SUTTER HOME

SUTTER HOME WINERY, INC. (CALIFORNIA
CORPORATION)
P. O. BOX 248
ST. HELENA, CA 95474

FIRST USE 0-0-1900; IN COMMERCE
0-0-1972.

SER. NO. 540,941, FILED 6-3-1985.

FOR: WINE, IN CLASS 33 (U.S. CL. 47).

AMANDA LAURA NYE, EXAMINING ATTOR-
NEY